

## **Governor takes more action to offset revenue shortfalls**

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INDIANAPOLIS (December 4, 2009) - Governor Mitch Daniels today took additional action to reduce state spending following another month of lower than forecast state revenues.

For November, revenue collections were \$144 million below the forecast amount for the month. Since the fiscal year started on July 1, general fund revenues are \$475million or 9 percent below the May forecast. This is the 14th consecutive month of below forecast receipts.

The latest changes ordered by the governor are estimated to save the state at least \$159 million more over the next 18 months. In November, Daniels took actions that are expected to save the state \$300 million to \$400 million by the end of the biennium.

"We are taking steps to offset shortfalls as they occur. The chance that revenues will suddenly begin to resemble the forecast seems highly unlikely," said Daniels. "So it's highly likely these are not the last steps we'll have to take. Unwelcome as these actions are, we will do what's necessary to protect Indiana taxpayers from the tax hikes being imposed in almost every other state."

### **Budget actions taken today:**

- General fund support of the state's public colleges and universities will be reduced by \$150 million over the remainder of the biennium. This amount represents 6 percent of state general fund support of operating expenses and was reached in consultation with the Commission on Higher Education. The governor has charged the Commission to work with each institution to determine its share. The cut as a percentage of the institutions' total revenue is about 2 percent.
- A \$15 bi-weekly matching contribution to state employees for deferred compensation retirement accounts will be suspended for calendar year 2010, a frequent cost-savings suggestion from state employees. Savings are estimated at \$9 million.
- The governor directed the Department of Administration to further reduce the number of state-owned vehicles. Since 2005, the number of state-owned vehicles has been reduced by over 2,500.

Additionally, the governor will submit a package of cost savings initiatives to the Indiana General Assembly. It will include a proposal to combine the administration of the Public Employees Retirement Fund and the Teachers' Retirement Fund, which is projected to reduce investment management fees and administrative duplication by at least \$50 million per year. The proposal also will include merging or eliminating several boards and commissions.

The state ended Fiscal Year 2009 with \$1.3 billion in reserves. If the current revenue trend continues and the governor had not taken the above actions, state budget agency officials estimate the state's reserves would have been depleted by July 2010.

A link to the November revenue report may be found here:

<http://www.in.gov/sba/2540.htm>

Audio from today's media availability can be found here:

[http://www.in.gov/gov/files/Audio/120409\\_Media\\_Availability.mp3](http://www.in.gov/gov/files/Audio/120409_Media_Availability.mp3)

Video will be available later today at this link: <http://www.youtube.com/INGovernor>